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February 12, 1954
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	REC'D 2/20	INFO OTHER	CIA-7 ARMY-3

SUBJECT: Guatemala's Charges.

714.00/2-1254

The Military Attache is reporting that Colonel "Tachito" Somoza (the President's younger son and the Chief of Staff of the Nicaraguan National Guard) told him that Guatemala's charges that President Somoza was aiding revolutionary leaders were based on letters faked by J. I. (Chaco) Delgado, former employee of "A. Somoza & Cia., Ltd."

Tachito claimed that Delgado stole the company's letterheads, prepared the letters and sold them to Guatemalan agents for U.S. $100,000. Colonel Somoza added that Delgado (former Panamanian Commercial Attache) is now hiding in the Panamanian Embassy because he is afraid Arbenz' agents were going to kill him for selling them fakes.

The Managua sensational newspaper El Gran Diario today printed an alleged interview with Efrain Castellon, a friend of Chaco Delgado's. According to the alleged interview, Castellon said that Delgado had been trying to sell arms, but on a pure business basis ("for commission") and not as a representative of any government. He added that the use of letterheads of the firm "A. Somoza & Cia., Ltd." was "abusing his associates." Castellon also reportedly said that Delgado was "still in the Panamanian Embassy," but that he would leave for Panama soon.

La Prensa, however, quotes the Panamanian Ambassador as saying that Delgado is not in the Embassy.

Rolland Welch
Chargé d'Affaires a.i.

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INTER-AMERICAN AFFAIRS
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